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ROBINSON, MCFADDEN & MOORE, P.C.  
COLUMBIA, SOUTH CAROLINA

September 19, 2008

**VIA ELECTRONIC FILING**

Mr. Charles Terreni  
Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Synergy Business Park, Saluda Building  
101 Executive Center Drive  
Columbia, SC 29210

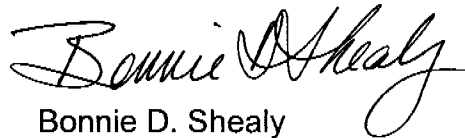
**Re: Sage Spectrum, LLC  
Docket No. 2008-307-C  
Our File No. 30512-0001**

Dear Mr. Terreni:

Enclosed for filing please find the Testimony of Andrew Karl on behalf of Sage Telecom, Inc. By copy of this letter we are serving the same on the Office of Regulatory Staff and Counsel for the South Carolina Telephone Coalition. If you have any questions, please have someone on your staff contact me.

Very truly yours,

ROBINSON, MCFADDEN & MOORE, P.C.

  
Bonnie D. Shealy

/bds  
Enclosure

cc/enc: Mr. Andrew Karl, Regulatory Compliance Manager (via email)  
Margaret M. Fox, Esquire (via email & U.S. Mail)  
Shealy Boland Reibold, Esquire (via email & U.S. Mail)

**Bonnie D. Shealy**

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

In Re:

## COVER SHEET

Application of Sage Spectrum, LLC for a Certificate  
of Public Convenience & Necessity to Provide  
Telecommunications Services in South Carolina and  
for Alternative and Flexible Regulatory Treatment

DOCKET  
NUMBER: 2008-307-C

(Please type or print)

Submitted by: Bonnie D. ShealySC Bar Number: 11125

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

## DOCKETING INFORMATION (Check all that apply)

- ☐ Emergency Relief demanded in petition      ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☐ Other: \_\_\_\_\_

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

**BEFORE THE SOUTH CAROLINA  
PUBLIC SERVICE COMMISSION**

**Docket No. 2008-307-C**

In the Matter of the Application of )  
 )  
 )  
**Sage Spectrum, LLC** )  
 )  
For Certificates of Public Convenience and )  
Necessity To Provide Resold and Facilities-Based )  
Local Exchange, Access, and Interexchange )  
Telecommunications Services in the )  
State of South Carolina )  
\_\_\_\_\_ )

**PREFILED TESTIMONY OF**  
**ANDREW KARL**  
**OF SAGE TELECOM, INC.**

1 Q. PLEASE STATE YOUR FULL NAME, TITLE, AND BUSINESS ADDRESS, FOR  
2 THE RECORD.

3 A. My name is Andrew Karl. My title is Regulatory Compliance Manager of Sage Telecom,  
4 Inc. ("Manager"), which will operate Sage Spectrum, LLC ("Applicant") under a  
5 management agreement. My business address is 805 Central Expressway South, Suite  
6 100, Allen, Texas 75013-2789.

7 Q. WHAT ARE YOUR JOB RESPONSIBILITIES

8 A. My job responsibilities include the following:

- 9 • Contract interpretation and compliance.
- 10 • Research, preparation, and facilitation of compliance reporting.
- 11 • Preparation, coordination, and confirmation of all tariff changes and updates, and  
12 facilitating the approval and filing of all tariff language.
- 13 • Tariff compliance with regulatory rules, and assisting with negotiations of  
14 interconnection agreements and resolution of post-interconnection disputes.
- 15 • Research and facilitation of new state and market entry.
- 16 • Manage and support consultants and legal counsel regarding regulatory and  
17 business matters.
- 18 • Accurate and complete production, timely filing and maintenance of company  
19 reports, responses to interrogatories, and other official documents required by  
20 regulators.
- 21 • Financial analyses, tracking, payments and receipts associated with all regulated  
22 areas, including but not limited to those pertaining to regulator-imposed fees and  
23 universal service funding.
- 24 • Interdepartmental coordination and compliance with regulatory requirements.
- 25 • Supervision of subordinates.

26  
27 Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND BACKGROUND.

28 A. I received a Bachelor of Business Administration and minor in Accounting from the  
29 University of North Texas in May 2006. I have seven years of telecommunications  
30 experience in the areas of Customer Service and Regulatory Affairs. My Regulatory  
31 Affairs experience and duties are described above.

1 Q. ARE YOU FAMILIAR WITH THE APPLICATION THAT SAGE SPECTRUM, LLC  
2 SUBMITTED TO THIS COMMISSION?

3 A. Yes.

4 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

5 A. The purpose of my testimony is to present evidence in support of Applicant's application  
6 for competitive local exchange and interexchange authority by demonstrating that  
7 Applicant has the ability to provide reliable telecommunications throughout the State of  
8 South Carolina, and by demonstrating why the granting of a Certificate of Public  
9 Convenience and Necessity to Applicant is in the public interest.

10 Q. IS APPLICANT REGISTERED TO DO BUSINESS IN SOUTH CAROLINA?

11 A. Yes. A copy of Applicant's certificate of authorization for a foreign entity to transact  
12 business in South Carolina was attached as Exhibit B of the Application.

13 Q. PLEASE DESCRIBE THE CORPORATE STRUCTURE OF APPLICANT.

14 A. Applicant is a limited liability company organized under the laws of the State of  
15 Delaware on May 7, 2008. Applicant is a wholly owned subsidiary of Sage Spectrum  
16 Holdco, LLC.

17 Q. PLEASE DESCRIBE THE AUTHORITY THAT APPLICANT SEEKS FROM THE  
18 COMMISSION.

19 A. Applicant seeks to offer all forms of resold and facilities-based interexchange and local  
20 exchange telecommunications services throughout the State of South Carolina.

21 Q. PLEASE DESCRIBE APPLICANT'S MANAGERIAL AND TECHNICAL  
22 QUALIFICATIONS TO PROVIDE TELECOMMUNICATIONS SERVICES IN  
23 SOUTH CAROLINA.

1 A. As stated above, Applicant will be operated by Manager through a management  
2 agreement. Through Manager, therefore, Applicant is technically and managerially  
3 qualified to provide competitive local exchange and interexchange services in South  
4 Carolina. Applicant's South Carolina operations will be directed by Manager's existing  
5 corporate management, technical and operations staffs who are responsible for Manager's  
6 local exchange and interexchange operations in other states. Each member of Manager's  
7 management team will draw upon his/her own experience, as well as the collective  
8 experience of the entire management team, to ensure that Applicant is managed and  
9 operated efficiently and profitably in South Carolina, as Manager has in other states  
10 where Manager currently operates. A description of the background of Manager's key  
11 personnel, which demonstrates the extensive telecommunications experience of Manager,  
12 is attached to the application as Exhibit C.

13 Q. PLEASE DESCRIBE APPLICANT'S FINANCIAL QUALIFICATIONS TO OPERATE  
14 AS A TELECOMMUNICATIONS CARRIER.

15 A. Since Applicant is newly formed entity, initially Applicant will rely upon the financial  
16 qualification of Manager. Manager's success in developing innovative products and  
17 services and in expanding its geographic reach has translated into impressive growth in  
18 recent years, and as such Applicant, through Manager is extremely well-qualified  
19 financially to operate in South Carolina. Financial information demonstrating Manager's  
20 financial qualifications is attached to the application as Exhibit D. As shown in the  
21 attached information, Applicant, through Manager, is financially qualified to operate  
22 within the State of South Carolina.

1 Q. PLEASE DESCRIBE THE TYPES OF SERVICES THAT APPLICANT WILL  
2 OFFER IN SOUTH CAROLINA.

3 A. Applicant will offer basic local exchange services, custom calling features, and  
4 interexchange toll services, including toll free services, prepaid local and long distance  
5 service to business and residential customers. Facilities-based local exchange service will  
6 be provided via Local Wholesale Complete or similar wholesale arrangements with  
7 incumbent providers such as BellSouth. Applicant will also offer access services to  
8 businesses and enterprise customers. Initially, toll services will be provided via  
9 Applicant's underlying long distance carrier. Applicant, however, seeks the full range of  
10 resold and facilities-based local exchange and interexchange authority so that it can have  
11 flexibility in provisioning its services in the future.

12 Q. HAS APPLICANT EXECUTED A STIPULATION WITH THE SOUTH CAROLINA  
13 TELEPHONE COALITION?

14 A. Yes

15 Q. WHAT FACILITIES WILL APPLICANT USE TO PROVIDE ITS PROPOSED  
16 SERVICES?

17 A. Facilities-based local exchange service will be provided via (1) commercial wholesale  
18 agreements with incumbents, (2) Applicant's own facilities, or (3) a combination thereof.  
19 Applicant may also resell the local exchange services of incumbents. Initially, long  
20 distance services will be provided via Applicant's underlying long distance carrier.  
21 Applicant, however, seeks the full range of resold and facilities-based local exchange and  
22 interexchange authority so that it can have flexibility in provisioning its services in the  
23 future.

1 Q. DOES YOUR COMPANY OWN ANY NETWORK SWITCHES OR TRANSMISSION  
2 FACILITIES?

3 A. Not at this time.

4 Q. WHICH CARRIER OR CARRIERS SERVE AS YOUR UNDERLYING CARRIER  
5 FOR INTEREXCHANGE SERVICES?

6 A. BellSouth will serve as Applicant's underlying carrier for interexchange service in South  
7 Carolina. In addition, Applicant may utilize the services of Level 3 for interexchange  
8 services.

9 Q. HAS YOUR COMPANY BEGUN NEGOTIATIONS WITH INCUMBENT LECS IN  
10 SOUTH CAROLINA?

11 A. Applicant is planning to begin negotiations with BellSouth in the near future and is  
12 confident it will achieve an agreement with BellSouth.

13 Q. DOES APPLICANT PRESENTLY OFFER OR PROVIDE INTRASTATE SERVICE  
14 IN SOUTH CAROLINA?

15 A. No.

16 Q. HOW WILL APPLICANT BILL FOR ITS SERVICES?

17 A. Applicant will issue its own monthly invoices to its customers and will include the  
18 customer service number on the invoice.

19 Q. DOES APPLICANT OFFER A DEBIT OR PREPAID CALLING CARD?

20 A. No, Applicant does not currently offer a debit or prepaid calling card.

21 Q. HOW WILL APPLICANT MARKET ITS SERVICES?

22 A. Applicant will market its service by direct solicitation. Applicant does not currently have  
23 promotional materials to be used in South Carolina; however, if required by the



1 Commission, Applicant will provide the Commission copies of such materials when they  
2 become available.

3 Q. DOES APPLICANT USE TELEMARKETING AS A METHOD FOR SELLING ITS  
4 SERVICES?

5 A. Applicant has not yet determined if out-bound telemarketing will be used in South  
6 Carolina. If Applicant does intend to use out-bound telemarketing, then Applicant will  
7 comply with all rules regarding such. Applicant's primary method of marketing will  
8 involve the use of mailers that generate in-bound calls from prospective customers.

9 Q. HOW ARE CUSTOMER INQUIRIES/DISPUTES HANDLED?

10 A. Customers may call Applicant's toll-free number for (1) residential customer service at  
11 888-449-4940 and (2) business customer service at 877-619-3969. Representatives will  
12 address customer inquiries and disputes at these numbers. Additionally, customer  
13 inquiries and disputes may be addressed via direct mail.

14 Q. PLEASE PROVIDE THE NAME, ADDRESS AND TELEPHONE NUMBER OF THE  
15 PERSON WHO WILL SERVE AS YOUR COMPANY'S CONTACT TO THE  
16 CONSUMER SERVICE DIVISION FOR COMPLAINT RESOLUTION.

17 A. For complaint resolution, please contact Jim Warren, Director of Customer Service  
18 Operations of Sage Telecom, Inc., Management Representative to Sage Spectrum, LLC,  
19 805 Central Expressway South, Suite 100, Allen, Texas 75013-2789. Tel: 972-747-4524,  
20 Fax: 214-495-4788, Email: [jwarren@sagetelecom.net](mailto:jwarren@sagetelecom.net). Jim has a staff in place that  
21 responds directly to Commission complaints. Any regulatory issues should be directed to  
22 Robert W. McCausland, Vice President and Secretary of Sage Telecom, Inc. at 214-495-  
23 4704 or [RMcCausland@sagetelecom.net](mailto:RMcCausland@sagetelecom.net).

1 Q. IN WHAT OTHER STATES HAS APPLICANT RECEIVED AUTHORITY TO  
2 PROVIDE SERVICES?

3 A. Applicant has received authority to provide telecommunications services in Florida  
4 (IXC), Kentucky, Montana, North Carolina (IXC), and Washington. Applicant has  
5 pending applications in Florida (CLEC), Georgia, Illinois, Indiana, Louisiana, Michigan,  
6 Mississippi, New Jersey, New York, South Carolina, and Wisconsin. Applicant is seeking  
7 authority in nearly all 50 states.

8 Q. HAS APPLICANT EVER BEEN DENIED CERTIFICATION IN ANOTHER STATE?

9 A. No.

10 Q. HAS APPLICANT EVER BEEN SUBJECT TO ANY FEDERAL OR STATE  
11 INVESTIGATION REGARDING ITS SERVICES?

12 A. No.

13 Q. WHY IS APPLICANT SEEKING EXEMPTIONS FROM ANY RULES REQUIRING  
14 THAT ITS BOOKS BE KEPT IN CONFORMANCE WITH THE UNIFORM SYSTEM  
15 OF ACCOUNTS ("USOA")?

16 A. The USOA was developed by the Federal Communications Commission as a means of  
17 regulating telecommunications companies subject to rate base regulation. As a  
18 competitive carrier, Applicant will not be subject to rate base regulation and therefore  
19 requests Commission approval for Applicant to maintain its books in accordance with  
20 Generally Accepted Accounting Principles ("GAAP").

21 Q. WHY ARE YOU SEEKING A WAIVER OF THE REQUIREMENT THAT YOUR  
22 BOOKS AND RECORDS BE KEPT IN SOUTH CAROLINA PURSUANT TO 26  
23 REGS. 103-610?

1 A. Applicant's principal office is located in Texas, and in the absence of such a waiver,  
2 Applicant would have to assume additional expenses to maintain records and reports in  
3 an office in South Carolina. Applicant will maintain the required records at its  
4 headquarters and will make them available to the Commission and ORS upon request.

5 Q. WHY ARE YOU SEEKING A WAIVER OF THE REQUIREMENT THAT YOU  
6 PUBLISH A LOCAL EXCHANGE DIRECTORY?

7 A. Applicant plans to enter into an agreement with the directory publisher of BellSouth  
8 Telecommunications, Inc. ("BellSouth") to include the names of its customers and all  
9 other required information in BellSouth's directories.

10 Q. IF AUTHORIZED TO PROVIDE COMPETITIVE TELECOMMUNICATIONS  
11 SERVICES, WILL APPLICANT ABIDE BY THE RULES, REGULATIONS,  
12 POLICIES AND ORDERS OF THIS COMMISSION, AND THE LAWS OF THE  
13 STATE OF SOUTH CAROLINA, AS NOW ADOPTED OR THAT MAY BE  
14 ADOPTED IN THE FUTURE, IN ITS PROVISION OF COMPETITIVE  
15 INTRASTATE TELECOMMUNICATIONS SERVICES?

16 A. Yes. Applicant commits to abide by all rules and regulations that are deemed to be  
17 applicable to it. Applicant also agrees to abide by all 911 requirements at such time as  
18 Applicant begins to provide local exchange services.

19 Q. HOW WILL APPLICANT GUARD AGAINST SLAMMING?

20 A. Applicant will prevent unauthorized switching of customers by obtaining a signed letter  
21 of authorization ("LOA"), or similar authorization, from all new customers. Applicant  
22 will comply with South Carolina law and Federal Communications Commission ("FCC")  
23 regulations regarding how carriers may change a customer's Primary Interexchange

1 Carrier.

2 Q. WILL APPLICANT COMPLY WILL ALL APPLICABLE COMMISSION SERVICE  
3 RULES AND BILLING STANDARDS?

4 A. Yes.

5 Q. PLEASE DESCRIBE THE PUBLIC INTEREST BENEFITS ASSOCIATED WITH  
6 APPLICANT'S PROPOSED OFFERING OF TELECOMMUNICATIONS SERVICES  
7 IN SOUTH CAROLINA.

8 A. Grant of Applicant's Application will further the public interest by expanding the  
9 availability to South Carolina consumers of technologically advanced  
10 telecommunications facilities and services. Applicant's presence in the market will  
11 afford consumers an additional choice of local and interexchange service providers. The  
12 public will benefit both directly, through the use of the high-quality and reliable services  
13 offered by Applicant, and indirectly because the expanded presence of Applicant in the  
14 market will increase the incentives for other telecommunications providers to operate  
15 more efficiently, offer more innovative services, reduce their prices, and improve their  
16 quality of service. Grant of this Application is therefore in the public interest because it  
17 will enhance further the service options available to South Carolina citizens.

18 Q. WILL GRANTING YOUR APPLICATION ADVERSELY IMPACT THE  
19 AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE?

20 A. No.

21 Q. WILL YOUR COMPANY SUPPORT UNIVERSALLY AVAILABLE TELEPHONE  
22 SERVICE AT AFFORDABLE RATES AS REQUIRED BY THE COMMISSION?

23 A. Yes.

1 Q. IS APPLICANT SEEKING A RELAXED REGULATORY TREATMENT?

2 A. Yes. We will be a non-dominant, competitive provider of local exchange  
3 telecommunications services. Therefore, we request that the Commission regulate our  
4 company in the same relaxed fashion authorized in Order No. 98-165 in Docket No. 97-  
5 20 467-C and extended to other similarly situated carriers. We understand that this  
6 flexible regulatory treatment requires that we file maximum rates for our service  
7 offerings. Local tariff filings would be presumed valid once they are filed subject to the  
8 Commission's right to investigate the filing within thirty days.

9 Q. HAS APPLICANT REQUESTED ALTERNATIVE REGULATION OF ITS LONG  
10 DISTANCE BUSINESS SERVICE, CONSUMER CARD AND OPERATOR SERVICE  
11 OFFERINGS?

12 A. We request that all of Applicant's long distance business services, consumer card, and  
13 operator service offerings be regulated pursuant to the procedures described and set out in  
14 Docket No. 95-661-C and as modified by Order No. 2001-997-C in Docket No. 2000-  
15 407-C. It is the Applicant's intent by this request to have these services regulated in the  
16 same manner as this Commission has permitted for by AT&T Communications of the  
17 Southern States. Specifically, we request:

18 (a) removal of maximum rate tariff requirements for its business services, consumer  
19 card, operator service, and future private line, and customer network-type  
20 offerings;

21 (b) that tariff filings for these uncapped offerings are presumed valid upon filing. If  
22 the Commission institutes an investigation of a particular filing within seven  
23 days, the tariff filing will be suspended until further order of the Commission; and

1 (c) any relaxation in the reporting requirements that may be adopted for AT&T shall  
2 apply to Applicant also.

3 We understand that the alternative regulation orders were modified by Order No. 2001-  
4 997 so that rate caps for operator-assisted calls where a consumer uses a local exchange  
5 carrier's calling card to complete calls from locations which have not selected that local  
6 exchange carrier as their toll provider. The order imposed a maximum cap of \$1.75 for  
7 operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-  
8 minute rate associated with these calls.

9 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

10 A. Yes, it does.

**BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 2008-307-C**

In Re:

Application of Sage Spectrum, LLC  
for a Certificate of Public  
Convenience & Necessity to  
Provide Telecommunications  
Services in South Carolina and for  
Alternative and Flexible Regulatory  
Treatment

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**CERTIFICATE OF SERVICE**

This is to certify that I, Leslie L. Allen, a legal assistant with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the person(s) named below the **Testimony of Andrew Karl** in the foregoing matter by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

Dated at Columbia, South Carolina this 19th day of September, 2008.



\_\_\_\_\_  
Leslie L. Allen